United Overseas Bank Limited
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uobgroup.com
Co. Reg. No. 193500026Z

Announcement

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

Audited Financial Results for the Financial Year Ended 31 December 2019
Details of the financial results are in the accompanying Group Financial Report.

Dividends and Distributions for the Fourth Quarter Ended 31 December 2019
Ordinary share dividend

The Directors recommend the payment of a final tax-exempt dividend of 55 cents and a special tax-exempt dividend of 20 cents (2018: final dividend of 50 cents and special dividend of 20 cents) per ordinary share for the financial year ended 31 December 2019. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 30 April 2020.

Together with the interim tax-exempt dividend of 55 cents per ordinary share (2018: 50 cents) paid in August 2019, the total net dividends for the financial year ended 31 December 2019 will be S$1.30 (2018: S$1.20) per ordinary share amounting to S$2,170 million (2018: S$2,000 million). The dividends will be paid in cash on 21 May 2020. The UOB scrip dividend scheme will not be applied to the final and special dividends.

Notice is hereby given that the Share Transfer Books and Register of Members of the Bank will be closed on 13 May 2020, for determining shareholders' entitlements to the final and special dividends. Registrable transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 pm on 12 May 2020 will be registered for the dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the dividends will be computed based on the shareholding position after settlement of all trades on 12 May 2020 ("Record Date"). The dividends will be paid by the Bank to CDP which will, in turn, distribute the dividends to holders of the securities accounts.

Distributions on perpetual capital securities

On 21 October 2019, a semi-annual distribution at an annual rate of 3.875% totalling US$13 million was paid on the Bank's US$650 million 3.875% non-cumulative non-convertible perpetual capital securities for the period from 19 April 2019 up to, but excluding 19 October 2019.

On 18 November 2019, a semi-annual distribution at an annual rate of 4.00% totalling S$15 million was paid on the Bank's S$750 million 4.00% non-cumulative non-convertible perpetual capital securities for the period from 18 May 2019 up to, but excluding 18 November 2019.

On 18 November 2019, a semi-annual distribution at an annual rate of 4.75% totalling S$12 million was paid on the Bank's S$500 million 4.75% non-cumulative non-convertible perpetual capital securities for the period from 19 May 2019 up to, but excluding 19 November 2019.

Interested Person Transactions

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

SINGAPORE CHINA INDIA INDONESIA MALAYSIA PHILIPPINES THAILAND AUSTRALIA BRUNEI CANADA FRANCE HONG KONG JAPAN MYANMAR SOUTH KOREA TAIWAN UNITED KINGDOM USA VIETNAM

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the audited financial results of the Group for the financial year ended 31 December 2019 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

The Bank has procured undertakings in the form set out in Appendix 7.7 of the Listing Manual from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

Information relating to persons occupying managerial position in the issuer or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wee Ee Cheong	67	Son of Dr Wee Cho Yaw, substantial shareholder and; brother of Mr Wee Ee Lim, director and substantial shareholder.	Deputy Chairman & CEO	Nil

BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED

Joyce Sia / Theresa Sim
Company Secretaries

Dated this 21st day of February 2020

The results are also available at www.UOBgroup.com

Group Financial Report

For the Financial Year/Fourth Quarter ended 31 December 2019

United Overseas Bank Limited
Incorporated in the Republic of Singapore

Contents

Notes

1 The financial statements are presented in Singapore Dollars.
2 Certain comparative figures have been restated to conform with current period's presentation.
3 Certain figures in this report may not add up to the respective totals due to rounding.
4 Amounts less than $500,000 in absolute term are shown as "0".
5 Non-impaired assets refer to Stage 1 and Stage 2 assets under SFRS(I) 9.
6 Impaired assets refer to Stage 3 and purchased or originated credit-impaired assets under SFRS(I) 9.

Abbreviation

"2019" and "2018" denote to financial year of 2019 and 2018 respectively.
"3Q19" denotes third quarter of 2019.
"4Q19" and "4Q18" denote fourth quarter of 2019 and 2018 respectively.
"NM" denotes not meaningful.
"NA" denotes not applicable.

Financial Highlights

	2019	2018	+/(-) %	4Q19	4Q18	+/(-) %	3Q19	+/(-) %
Selected income statement items ($m)								
Net interest income	**6,562**	6,220	6	**1,635**	1,608	2	1,687	(3)
Net fee and commission income	**2,032**	1,967	3	**476**	467	2	551	(14)
Other non-interest income	**1,435**	930	54	**321**	140	>100	371	(14)
Total income	**10,030**	9,116	10	**2,432**	2,216	10	2,609	(7)
Less: Operating expenses	**4,472**	4,003	12	**1,116**	984	13	1,154	(3)
Operating profit	**5,558**	5,113	9	**1,316**	1,232	7	1,455	(10)
Less: Allowances for credit and other losses	**435**	393	11	**146**	128	14	145	0
Add: Share of profit of associates and joint ventures	**51**	106	(51)	**20**	0	>100	14	41
Net profit before tax	**5,174**	4,826	7	**1,190**	1,104	8	1,324	(10)
Less: Tax and non-controlling interests	**831**	818	2	**185**	188	(2)	206	(10)
Net profit after tax [1]	**4,343**	4,008	8	**1,006**	916	10	1,118	(10)
Selected balance sheet items ($m)								
Net customer loans	**265,458**	258,627	3	**265,458**	258,627	3	271,886	(2)
Customer deposits	**310,726**	293,186	6	**310,726**	293,186	6	304,423	2
Total assets	**404,409**	388,092	4	**404,409**	388,092	4	408,383	(1)
Shareholders' equity [1]	**39,637**	37,623	5	**39,637**	37,623	5	39,484	0
Key financial ratios (%)								
Net interest margin [2]	**1.78**	1.82		**1.76**	1.80		1.77	
Non-interest income/Total income	**34.6**	31.8		**32.8**	27.4		35.4	
Cost/Income ratio	**44.6**	43.9		**45.9**	44.4		44.2	
Overseas profit before tax contribution	**38.9**	39.6		**40.1**	33.5		37.4	
Credit costs on loans (bp) [2]								
Non-impaired	**1**	1		**1**	(2)		2	
Impaired	**17**	15		**23**	22		21	
Total	**18**	16		**24**	20		23	
NPL ratio [3]	**1.5**	1.5		**1.5**	1.5		1.5	

Notes:
1 Relate to amount attributable to equity holders of the Bank.
2 Computed on an annualised basis.
3 Refer to non-performing loans as a percentage of gross customer loans.

Financial Highlights *(cont'd)*

	2019	2018	4Q19	4Q18	3Q19
Key financial ratios (%) *(cont'd)*					
Return on average ordinary shareholders' equity [1,2]	**11.6**	11.3	**10.6**	10.2	11.8
Return on average total assets [1]	**1.08**	1.07	**1.00**	0.95	1.09
Return on average risk-weighted assets [1]	**1.90**	1.93	**1.77**	1.68	1.92
Loan/Deposit ratio [3]	**85.4**	88.2	**85.4**	88.2	89.3
Liquidity coverage ratios ("LCR") [4]					
All-currency	**146**	135	**149**	127	144
Singapore Dollar	**306**	209	**315**	220	342
Net stable funding ratio ("NSFR") [5]	**111**	107	**111**	107	107
Capital adequacy ratios					
Common Equity Tier 1	**14.3**	13.9	**14.3**	13.9	13.7
Tier 1	**15.4**	14.9	**15.4**	14.9	15.0
Total	**17.4**	17.0	**17.4**	17.0	16.9
Leverage ratio [6]	**7.7**	7.6	**7.7**	7.6	7.6
Earnings per ordinary share ($) [1,2]					
Basic	**2.55**	2.34	**2.35**	2.15	2.62
Diluted	**2.54**	2.33	**2.34**	2.14	2.61
Net asset value ("NAV") per ordinary share ($) [7]	**22.33**	21.31	**22.33**	21.31	21.94
Revalued NAV per ordinary share ($) [7]	**25.40**	24.19	**25.40**	24.19	24.83

Notes:
1 Computed on an annualised basis.
2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
3 Refer to net customer loans and customer deposits.
4 Figures reported are based on average LCR for the respective periods. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times with effect from 1 January 2019 (2018: 90%). Public disclosure required under MAS Notice 651 is available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.
5 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained. Public disclosure required under MAS Notice 653 is available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.
6 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
7 Perpetual capital securities are excluded from the computation.

Performance Review

Changes in Accounting Policies
The Group adopted the following changes with effect from 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement

The adoption of the above changes did not have a significant impact on the Group's financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the financial year ended 31 December 2019 are the same as those applied in the audited financial statements for the financial year ended 31 December 2018.

Full year 2019 earnings

The Group achieved record net earnings of $4.34 billion, up 8% from a year ago.

Net interest income grew 6% to $6.56 billion, as the average gross loans for the year was 9% higher but moderated by a 4-basis points drop in net interest margin arising from lower interest rates and increased competition.

Net fee and commission income increased 3% to $2.03 billion, led by double-digit growth in wealth management and credit cards, moderated by lower fund management fees. Other non-interest income rose 54% to $1.44 billion, with trading and investment income rising 72% to $1.12 billion from improved customer flows and higher gains from investment securities.

All business segments continued to deliver strong income growth. Group Retail income grew 9% to $4.30 billion, driven by higher net interest income from volume growth and improvement in deposit margin, coupled with strong contribution from the wealth management business. Group Wholesale Banking income grew 6% to $4.10 billion, benefitting from cash management, treasury and loan-related activities. Global Markets income increased 28% to $595 million, largely from higher trading and investment income.

Total expenses increased 12% to $4.47 billion as the Group prioritised strategic investments in talent and technology to serve customers better. Cost-to-income ratio for the year was higher at 44.6%.

Total allowances increased 11% to $435 million, mainly due to higher allowances on impaired assets. Asset quality remained sound with total credit costs for the full year at 18 basis points, 2 basis points higher than 2018.

Contribution from associated companies declined to $51 million, mainly due to reduced shareholdings.

4Q19 versus 4Q18

4Q19 net earnings at $1.01 billion was 10% higher than the same quarter last year.

Net interest income increased 2% to $1.64 billion led by loan growth of 3%.

Net fee and commission income increased 2% to $476 million, driven by healthy growth momentum in wealth management and higher credit cards fees. Trading and investment income rose to $224 million from $59 million a year ago led by improved gains from investment securities on market recovery and stronger customer flows.

Total expenses increased 13% to $1.12 billion, with cost-to-income ratio at 45.9%.

4Q19 versus 3Q19

Compared with the previous quarter, net profit was 10% lower due to a seasonally slower 4Q19.

Net interest income decreased 3% to $1.64 billion on lower loan volume and slightly lower net interest margin. Net fee and commission income fell 14% to $476 million, due to lower loan-related fees when disbursements slowed alongside looming macro uncertainties and wealth management fees fell as the holiday season set in. Other non-interest income decreased 14% to $321 million, mainly from lower trading and investment income.

Total operating expenses decreased 3% in tandem with lower operating income, mainly from lower performance-related staff costs.

Balance sheet and capital position

Towards the end of 2019, the Group moderated loan origination in light of macro uncertainties. As a result, loans grew modestly by 3% year on year. The Group's funding position remained stable in 4Q19 with the average Singapore dollar and all-currency liquidity coverage ratios at 315% and 149% respectively, while the net stable funding ratio was 111% at 31 December 2019. Loan-to-deposit ratio was healthy at 85.4%.

Non-performing loan ratio remained at 1.5% as at 31 December 2019. Total allowances for non-impaired assets stood at $1.98 billion with a coverage for non-performing assets at 87%, or 202% after taking collateral into account.

With the Group's Common Equity Tier 1 ratio at 14.3% and with ample liquidity available, the Group is well-positioned to steer through macro uncertainties ahead and to drive growth when market sentiments improves.

Net Interest Income

Net interest margin

	2019			2018		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate
	$m	**$m**	**%**	$m	$m	%
Interest bearing assets						
Customer loans	**267,424**	**10,108**	**3.78**	245,138	8,844	3.61
Interbank balances	**66,420**	**1,562**	**2.35**	68,730	1,532	2.23
Securities	**34,593**	**887**	**2.57**	28,095	765	2.72
Total	**368,436**	**12,557**	**3.41**	341,962	11,141	3.26
Interest bearing liabilities						
Customer deposits	**308,654**	**4,996**	**1.62**	286,820	4,083	1.42
Interbank balances/others	**42,956**	**998**	**2.32**	40,067	838	2.09
Total	**351,609**	**5,994**	**1.70**	326,887	4,921	1.51
Net interest margin [1]			**1.78**			1.82

	4Q19			4Q18			3Q19		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	**$m**	**%**	$m	$m	%	$m	$m	%
Interest bearing assets									
Customer loans	**268,237**	**2,470**	**3.65**	256,731	2,408	3.72	271,256	2,587	3.78
Interbank balances	**62,990**	**339**	**2.13**	67,960	419	2.45	70,071	408	2.31
Securities	**37,523**	**230**	**2.43**	30,635	211	2.74	35,911	228	2.52
Total	**368,750**	**3,039**	**3.27**	355,326	3,038	3.39	377,237	3,223	3.39
Interest bearing liabilities									
Customer deposits	**308,135**	**1,187**	**1.53**	295,270	1,168	1.57	313,531	1,268	1.60
Interbank balances/others	**42,995**	**217**	**2.00**	44,273	262	2.35	45,963	269	2.32
Total	**351,130**	**1,403**	**1.59**	339,542	1,430	1.67	359,493	1,537	1.70
Net interest margin [1]			**1.76**			1.80			1.77

Note:

1 Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

Net Interest Income *(cont'd)*

Volume and rate analysis

	2019 vs 2018			4Q19 vs 4Q18			4Q19 vs 3Q19		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest income									
Customer loans	804	460	1,264	108	(45)	63	(29)	(88)	(117)
Interbank balances	(51)	81	30	(31)	(50)	(81)	(41)	(28)	(70)
Securities	177	(55)	122	47	(29)	18	10	(9)	2
Total	930	486	1,416	125	(124)	0	(60)	(125)	(184)
Interest expense									
Customer deposits	311	603	914	51	(32)	19	(22)	(59)	(81)
Interbank balances/others	60	99	160	(8)	(38)	(45)	(17)	(35)	(53)
Total	371	702	1,073	43	(70)	(27)	(39)	(94)	(133)
Change in number of days	-	-	-	-	-	-	-	-	-
Net interest income	558	(216)	342	81	(54)	27	(21)	(31)	(51)

Net interest income for the full year of 2019 grew 6% to $6.56 billion, as the average gross loans for the year was 9% higher but moderated by a 4-basis points drop in net interest margin arising from lower interest rates and increased competition.

Against the same quarter last year, net interest income increased 2% to $1.64 billion led by loan growth of 3%.

Compared with last quarter, net interest income decreased 3% on lower loan volume and slightly lower net interest margin.

Non-Interest Income

	2019	2018	+/(-)	4Q19	4Q18	+/(-)	3Q19	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Net fee and commission income								
Credit card [1]	**488**	440	11	**136**	123	10	126	8
Fund management	**236**	261	(9)	**63**	60	5	62	2
Wealth management	**641**	543	18	**162**	114	42	183	(12)
Loan-related [2]	**558**	545	2	**91**	121	(25)	152	(41)
Service charges	**156**	154	1	**41**	43	(5)	38	8
Trade-related [3]	**297**	296	0	**77**	76	1	78	(2)
Others	**37**	63	(41)	**2**	14	(86)	12	(84)
	2,412	2,303	5	**571**	551	4	652	(12)
Less: Fee and commission expenses	**380**	336	13	**95**	84	13	100	(5)
	2,032	1,967	3	**476**	467	2	551	(14)
Other non-interest income								
Net trading income	**874**	683	28	**175**	118	49	212	(17)
Net gain/(loss) from investment securities	**242**	(35)	>100	**49**	(59)	>100	98	(50)
Dividend income	**51**	27	85	**4**	1	>100	6	(46)
Rental income	**110**	119	(7)	**27**	29	(5)	27	2
Other income	**158**	136	16	**66**	52	27	28	>100
	1,435	930	54	**321**	140	>100	371	(14)
Total	**3,467**	2,896	20	**796**	607	31	922	(14)

Net fee and commission income increased 3% to $2.03 billion, led by double-digit growth in wealth management and credit cards, moderated by lower fund management fees. Other non-interest income rose 54% to $1.44 billion, with trading and investment income rising 72% to $1.12 billion from improved customer flows and higher gains from investment securities.

Against the same quarter last year, net fee and commission income increased 2% to $476 million driven by healthy growth momentum in wealth management and higher credit cards fees. Trading and investment income rose to $224 million from $59 million a year ago led by improved gains from investment securities on market recovery and stronger customer flows.

Quarter on quarter, net fee and commission income fell by 14%, due to lower loan-related fees when disbursements slowed alongside looming macro uncertainties and wealth management fees fell as the holiday season set in. Other non-interest income decreased 14% to $321 million, mainly from seasonally lower trading and investment income.

Notes:

1 Credit card fees are net of interchange fees paid.

2 Loan-related fees include fees earned from corporate finance activities.

3 Trade-related fees include trade, remittance and guarantees related fees.

Operating Expenses

	2019	2018	+/(-)	4Q19	4Q18	+/(-)	3Q19	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Staff costs	**2,716**	2,447	11	**673**	597	13	708	(5)
Other operating expenses								
Revenue-related	**688**	592	16	**178**	153	16	178	(0)
Occupancy-related	**334**	321	4	**87**	83	4	84	3
IT-related	**504**	414	22	**128**	94	36	123	3
Others	**230**	228	1	**50**	57	(12)	60	(16)
	1,757	1,556	13	**443**	387	14	446	(1)
Total	**4,472**	4,003	12	**1,116**	984	13	1,154	(3)
Of which, Depreciation of assets	**399**	273	46	**109**	73	49	102	7
Manpower (number)	**26,872**	26,153	3	**26,872**	26,153	3	26,941	(0)

Total expenses increased 12% to $4.47 billion as the Group prioritised strategic investments in talent and technology to serve customers better. Cost-to-income ratio for the year was higher at 44.6%.

Compared with the same quarter last year, total expenses increased 13% to $1.12 billion attributable to higher staff costs, revenue-related and IT-related expenses. Cost-to-income ratio for the quarter stood at 45.9%.

Quarter on quarter, total expenses decreased 3% in tandem with lower operating income, mainly from lower performance-related staff costs.

Allowances for Credit and Other Losses

	2019	2018	+/(-)	4Q19	4Q18	+/(-)	3Q19	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Allowances for non-impaired assets	**(19)**	19	(>100)	**6**	(6)	>100	(10)	>100
Allowances for impaired assets								
Impaired loans [1]	**469**	376	25	**161**	146	10	149	8
Singapore	**243**	201	21	**114**	162	(30)	65	76
Malaysia	**41**	(21)	>100	**5**	(36)	>100	9	(48)
Thailand	**135**	111	22	**41**	24	75	39	6
Indonesia	**37**	123	(70)	**4**	46	(91)	15	(74)
Greater China [2]	**(2)**	16	(>100)	**1**	9	(83)	1	>100
Others	**16**	(54)	>100	**(4)**	(58)	93	20	(>100)
Impaired securities and others	**(15)**	(2)	(>100)	**(22)**	(12)	(81)	7	(>100)
Total	**435**	393	11	**146**	128	14	145	0

Total allowances for the full year of 2019 increased 11% to $435 million, mainly due to higher allowances on impaired assets. Asset quality remained sound with total credit costs for the full year at 18 basis points, 2 basis points higher than 2018.

Against the same quarter last year, total allowances increased 14% to $146 million, due to higher allowances for impaired assets.

Quarter on quarter, total allowances remained unchanged. Total credit costs on loans increased marginally to 24 basis points.

Notes:
1 Allowances for impaired loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
2 Comprise Mainland China, Hong Kong SAR and Taiwan.

Customer Loans

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
Gross customer loans	**268,676**	275,072	261,707
Less: Allowances for non-impaired loans	**1,721**	1,720	1,571
Allowances for impaired loans	**1,498**	1,466	1,508
Net customer loans	**265,458**	271,886	258,627
By industry			
Transport, storage and communication	**11,036**	11,097	10,185
Building and construction	**66,992**	68,143	63,139
Manufacturing	**19,380**	23,012	21,112
Financial institutions, investment and holding companies	**26,098**	25,419	23,199
General commerce	**32,713**	35,189	32,928
Professionals and private individuals	**29,458**	29,358	29,288
Housing loans	**68,586**	68,025	68,387
Others	**14,413**	14,830	13,469
Total (gross)	**268,676**	275,072	261,707
By currency			
Singapore Dollar	**125,447**	126,922	123,347
US Dollar	**47,562**	53,787	50,674
Malaysian Ringgit	**26,167**	25,982	25,328
Thai Baht	**18,298**	17,896	15,600
Indonesian Rupiah	**5,681**	5,778	5,288
Others	**45,520**	44,707	41,471
Total (gross)	**268,676**	275,072	261,707
By maturity			
Within 1 year	**103,112**	108,492	104,686
Over 1 year but within 3 years	**52,058**	52,867	48,826
Over 3 years but within 5 years	**33,494**	34,557	30,452
Over 5 years	**80,012**	79,157	77,744
Total (gross)	**268,676**	275,072	261,707
By geography [1]			
Singapore	**138,666**	141,389	137,176
Malaysia	**29,554**	29,461	29,315
Thailand	**19,585**	19,051	16,813
Indonesia	**11,466**	11,728	11,289
Greater China	**41,423**	44,886	40,081
Others	**27,982**	28,557	27,033
Total (gross)	**268,676**	275,072	261,707

As at 31 December 2019, gross loans rose 3% year on year to $269 billion, led by broad-based increase across most of the territories and industries. Compared to previous quarter, gross loans decreased 2% mainly from Singapore and Greater China.

Singapore loans grew 1% year on year to $139 billion, while overseas contributed a healthy growth of 4% from a year ago.

Note:

1 Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

Non-Performing Assets

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
Loans ("NPL")	**4,136**	4,191	3,994
Debt securities and others	**161**	159	172
Non-performing assets ("NPA")	**4,297**	4,350	4,166
By grading			
Substandard	**2,677**	2,752	2,512
Doubtful	**205**	175	230
Loss	**1,415**	1,423	1,424
Total	**4,297**	4,350	4,166
By security			
Secured by collateral type:			
Properties	**2,003**	2,082	1,897
Shares and debentures	**-**	5	6
Fixed deposits	**66**	77	13
Others [1]	**386**	428	453
	2,455	2,592	2,369
Unsecured	**1,842**	1,758	1,797
Total	**4,297**	4,350	4,166
By ageing			
Current	**1,055**	951	885
Within 90 days	**480**	357	581
Over 90 to 180 days	**386**	566	379
Over 180 days	**2,376**	2,476	2,321
Total	**4,297**	4,350	4,166
Total allowances			
Non-impaired	**1,985**	1,983	1,984
Impaired	**1,626**	1,599	1,651
Total	**3,611**	3,582	3,636

	NPL	**NPL ratio**	NPL	NPL ratio	NPL	NPL ratio
	$m	**%**	$m	%	$m	%
NPL by industry						
Transport, storage and communication	**650**	**5.9**	686	6.2	813	8.0
Building and construction	**618**	**0.9**	779	1.1	497	0.8
Manufacturing	**712**	**3.7**	732	3.2	709	3.4
Financial institutions, investment and holding companies	**39**	**0.1**	39	0.2	41	0.2
General commerce	**658**	**2.0**	508	1.4	511	1.6
Professionals and private individuals	**309**	**1.0**	314	1.1	320	1.1
Housing loans	**775**	**1.1**	780	1.1	739	1.1
Others	**375**	**2.6**	353	2.4	364	2.7
Total	**4,136**	**1.5**	4,191	1.5	3,994	1.5

Note:
1 Comprise mainly marine vessels.

Non-Performing Assets *(cont'd)*

NPL by geography [1]	NPL/NPA	NPL ratio	Allowances for impaired assets	Allowances for impaired assets as a % of NPL/NPA
	$m	%	$m	%
Singapore				
Dec-19	**2,183**	**1.6**	**823**	**38**
Sep-19	2,065	1.5	739	36
Dec-18	2,085	1.5	818	39
Malaysia				
Dec-19	**612**	**2.1**	**174**	**28**
Sep-19	590	2.0	181	31
Dec-18	558	1.9	161	29
Thailand				
Dec-19	**550**	**2.8**	**200**	**36**
Sep-19	503	2.6	175	35
Dec-18	456	2.7	153	34
Indonesia				
Dec-19	**463**	**4.0**	**178**	**38**
Sep-19	511	4.4	212	42
Dec-18	545	4.8	221	41
Greater China				
Dec-19	**101**	**0.2**	**24**	**24**
Sep-19	101	0.2	40	40
Dec-18	120	0.3	53	44
Others				
Dec-19	**227**	**0.8**	**99**	**44**
Sep-19	421	1.5	119	28
Dec-18	230	0.9	102	44
Group NPL				
Dec-19	**4,136**	**1.5**	**1,498**	**36**
Sep-19	4,191	1.5	1,466	35
Dec-18	3,994	1.5	1,508	38
Group NPA				
Dec-19	**4,297**		**1,626**	**38**
Sep-19	4,350		1,599	37
Dec-18	4,166		1,651	40

	Total allowances	
	as a % of NPA[2]	as a % of unsecured NPA[2]
Group	%	%
Dec-19	**87**	**202**
Sep-19	85	210
Dec-18	87	202

The Group's overall loan portfolio remained sound. Total NPA decreased 1% from last quarter to $4.30 billion largely due to recoveries in 4Q19.

NPL ratio was stable at 1.5% as at 31 December 2019. The coverage for non-performing assets remained adequate at 87%, or 202% after taking collateral into account.

Notes:
1 NPL by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
2 Includes regulatory loss allowance reserves (RLAR) as part of total allowances.

Customer Deposits

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
By product			
Fixed deposits	**155,768**	158,685	150,071
Savings deposits	**78,411**	76,928	71,601
Current accounts	**62,779**	56,404	58,858
Others	**13,769**	12,407	12,656
Total	**310,726**	304,423	293,186
By maturity			
Within 1 year	**307,222**	299,730	289,448
Over 1 year but within 3 years	**2,603**	3,544	2,085
Over 3 years but within 5 years	**538**	747	833
Over 5 years	**363**	403	819
Total	**310,726**	304,423	293,186
By currency			
Singapore Dollar	**140,167**	134,383	130,981
US Dollar	**76,511**	73,446	71,704
Malaysian Ringgit	**28,327**	29,126	28,312
Thai Baht	**20,610**	21,585	17,148
Indonesian Rupiah	**5,698**	5,449	5,148
Others	**39,413**	40,434	39,894
Total	**310,726**	304,423	293,186
Group Loan/Deposit ratio (%)	**85.4**	89.3	88.2
Singapore Dollar Loan/Deposit ratio (%)	**88.7**	93.7	93.5
US Dollar Loan/Deposit ratio (%)	**61.2**	72.2	69.5

Customer deposits were $311 billion as at 31 December 2019, an increase of 6% from a year ago and 2% over the quarter. The year-on-year growth was led by higher fixed deposits and saving deposits.

As at 31 December 2019, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 85.4% and 88.7% respectively.

Debts Issued

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
Unsecured			
Subordinated debts	**5,121**	4,961	5,062
Commercial papers	**8,729**	10,492	13,974
Fixed and floating rate notes	**4,853**	5,695	5,586
Others	**1,497**	1,427	1,583
Secured			
Covered bonds	**5,009**	5,050	4,401
Total	**25,209**	27,625	30,606
Due within 1 year	**10,759**	13,214	15,680
Due after 1 year	**14,450**	14,411	14,926
Total	**25,209**	27,625	30,606

Shareholders' Equity

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
Shareholders' equity	**39,637**	39,484	37,623
Add: Revaluation surplus	**5,112**	4,806	4,802
Shareholders' equity including revaluation surplus	**44,748**	44,290	42,425

Shareholders' equity increased 5% year on year to $39.6 billion mainly driven by higher retained earnings, offset by redemption of S$500 million perpetual capital securities.

As at 31 December 2019, the revaluation surplus of $5.11 billion relating to the Group's properties, was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares			
	2019	2018	**4Q19**	4Q18
	'000	'000	**'000**	'000
Ordinary shares				
Balance at beginning and at end of period	**1,680,541**	1,671,534	**1,680,541**	1,680,541
Shares issued under scrip dividend scheme	**-**	9,007	**-**	-
Balance at end of period	**1,680,541**	1,680,541	**1,680,541**	1,680,541
Treasury shares				
Balance at beginning of period	**(14,834)**	(8,879)	**(12,296)**	(13,086)
Shares re-purchased - held in treasury	**-**	(7,902)	**-**	(1,841)
Shares issued under share-based compensation plans	**2,627**	1,947	**89**	93
Balance at end of period	**(12,207)**	(14,834)	**(12,207)**	(14,834)
Ordinary shares net of treasury shares	**1,668,334**	1,665,707	**1,668,334**	1,665,707

Performance by Business Segment [1]

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
2019					
Net interest income	**2,973**	**2,977**	**95**	**517**	**6,562**
Non-interest income	**1,325**	**1,121**	**500**	**521**	**3,467**
Operating income	**4,298**	**4,098**	**595**	**1,039**	**10,030**
Operating expenses	**(2,097)**	**(1,031)**	**(278)**	**(1,066)**	**(4,472)**
Allowances for credit and other losses	**(192)**	**(285)**	**(4)**	**46**	**(435)**
Share of profit of associates and joint ventures	**-**	**5**	**-**	**46**	**51**
Profit before tax	**2,009**	**2,787**	**313**	**65**	**5,174**
Tax					**(813)**
Profit for the financial period					**4,362**
Other information:					
Capital expenditure	**55**	**49**	**22**	**447**	**573**
Depreciation of assets	**60**	**26**	**11**	**301**	**399**
2018					
Net interest income	2,721	2,832	126	541	6,220
Non-interest income	1,231	1,052	340	273	2,896
Operating income	3,952	3,884	466	814	9,116
Operating expenses	(1,919)	(900)	(244)	(940)	(4,003)
Allowances for credit and other losses	(192)	(178)	(2)	(21)	(393)
Share of profit of associates and joint ventures	-	14	-	92	106
Profit before tax	1,841	2,820	220	(55)	4,826
Tax					(805)
Profit for the financial period					4,021
Other information:					
Capital expenditure	68	36	22	390	516
Depreciation of assets	24	11	7	231	273

Note:
1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Performance by Business Segment [1] *(cont'd)*

Selected income statement items	**GR**	**GWB**	**GM**	**Others**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
4Q19					
Net interest income	**754**	**747**	**42**	**92**	**1,635**
Non-interest income	**357**	**248**	**97**	**94**	**796**
Operating income	**1,111**	**995**	**139**	**187**	**2,432**
Operating expenses	**(550)**	**(275)**	**(75)**	**(216)**	**(1,116)**
Allowances for credit and other losses	**(56)**	**(143)**	**(6)**	**59**	**(146)**
Share of profit of associates and joint ventures	**-**	**4**	**-**	**16**	**20**
Profit before tax	**505**	**581**	**58**	**46**	**1,190**
Tax					**(178)**
Profit for the financial period					**1,012**
Other information:					
Capital expenditure	**15**	**11**	**3**	**136**	**165**
Depreciation of assets	**18**	**6**	**3**	**82**	**109**
3Q19					
Net interest income	758	751	39	139	1,687
Non-interest income	356	290	133	143	922
Operating income	1,114	1,041	172	282	2,609
Operating expenses	(536)	(266)	(80)	(272)	(1,154)
Allowances for credit and other losses	(45)	(45)	(1)	(54)	(145)
Share of profit of associates and joint ventures	-	0	-	14	14
Profit before tax	533	730	91	(30)	1,324
Tax					(202)
Profit for the financial period					1,122
Other information:					
Capital expenditure	13	13	8	104	138
Depreciation of assets	13	7	3	79	102
4Q18					
Net interest income	712	740	31	125	1,608
Non-interest income	297	258	72	(19)	607
Operating income	1,009	998	103	106	2,216
Operating expenses	(512)	(268)	(57)	(147)	(984)
Allowances for credit and other losses	(30)	(103)	10	(5)	(128)
Share of profit of associates and joint ventures	-	(9)	-	9	0
Profit before tax	467	618	56	(37)	1,104
Tax					(185)
Profit for the financial period					919
Other information:					
Capital expenditure	21	12	6	120	159
Depreciation of assets	7	3	2	61	73

Note:
1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Performance by Business Segment [1] *(cont'd)*

Selected balance sheet items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
At 31 December 2019					
Segment assets	**109,044**	**189,444**	**64,672**	**35,919**	**399,079**
Intangible assets	**1,317**	**2,088**	**660**	**83**	**4,148**
Investment in associates and joint ventures	**0**	**182**	**-**	**1,000**	**1,182**
Total assets	**110,361**	**191,714**	**65,332**	**37,002**	**404,409**
Segment liabilities	**154,253**	**164,669**	**31,614**	**14,009**	**364,545**
Other information:					
Gross customer loans	**109,017**	**158,626**	**1,021**	**12**	**268,676**
Non-performing assets	**1,292**	**2,980**	**9**	**16**	**4,297**
At 30 September 2019					
Segment assets	108,258	193,907	63,697	37,190	403,052
Intangible assets	1,317	2,088	660	83	4,148
Investment in associates and joint ventures	-	182	-	1,001	1,183
Total assets	109,575	196,177	64,357	38,274	408,383
Segment liabilities	151,497	161,034	41,872	14,282	368,685
Other information:					
Gross customer loans	108,215	165,826	1,016	15	275,072
Non-performing assets	1,299	3,026	9	16	4,350
At 31 December 2018					
Segment assets	108,115	184,530	55,657	34,482	382,784
Intangible assets	1,315	2,084	659	80	4,138
Investment in associates and joint ventures	-	167	-	1,003	1,170
Total assets	109,430	186,781	56,316	35,565	388,092
Segment liabilities	142,067	157,403	37,361	13,449	350,280
Other information:					
Gross customer loans	108,022	153,168	498	19	261,707
Non-performing assets	1,248	2,896	7	15	4,166

Note:
1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Performance by Business Segment *(cont'd)*

Business segment performance reporting is prepared based on the Group's internal organisation structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments - Group Retail, Group Wholesale Banking and Global Markets. Others include non-banking activities and corporate functions.

Group Retail ("GR")
GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Compared to a year ago, profit before tax grew 9% to $2.01 billion. Total income increased 9% to $4.30 billion driven by net interest income from healthy volume growth and deposit margin improvement, coupled with strong contribution from wealth management. Expenses were higher by 9% at $2.10 billion from continued investments in staff and digital capabilities for franchise growth, while allowances for credit and other losses were stable.

Against the same quarter last year, profit before tax rose 8% to $505 million driven by improved loan margin and strong growth in wealth management products. Profit before tax decreased 5% compared to the last quarter from investments in digital capabilities, revenue-related expenses and higher allowances for credit and other losses.

Group Wholesale Banking ("GWB")
GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including financing, trade services, cash management, capital markets solutions and advisory and treasury products.

Operating profit grew 3% to $3.07 billion compared to a year ago. Income grew 6% to $4.10 billion supported by higher net interest income from franchise volume growth and non-interest income grew 7% led by treasury, loan-related fees and investment banking. Expenses were higher at $1.03 billion mainly from investments in headcount and technology to support strategic business initiatives. Profit before tax was relatively flat at $2.79 billion as allowances for credit and other losses increased.

Compared to the same quarter last year, profit before tax decreased 6% to $581 million from higher allowances for credit and other losses. Against the previous quarter, profit before tax declined $149 million primarily from lower loan-related fees and higher allowances for credit and other losses.

Global Markets ("GM")
GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Profit before tax rose 43% to $313 million from a year ago. Total income registered strong growth of 28% to $595 million mainly from higher trading and investment income. Expenses increased 14% to $278 million from investments in technology and staff-related.

Compared to the same quarter last year, profit before tax was relatively flat at $58 million. Against the previous quarter, profit before tax declined $33 million from lower trading and investment income.

Others
Others includes corporate support functions, decisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

Profit before tax increased to $65 million from a loss of $55 million a year ago, supported by higher income from dividend, investment securities, central treasury activities and write-back of allowances. This was partially offset by higher operating expenses and reduced interest in an associated company.

As compared to the same quarter last year and the previous quarter, profit before tax improved due to write-back in allowances for non-impaired asset.

Performance by Geographical Segment [1]

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
2019							
Net interest income	**3,752**	**738**	**762**	**327**	**455**	**528**	**6,562**
Non-interest income	**2,004**	**346**	**295**	**158**	**482**	**182**	**3,467**
Operating income	**5,756**	**1,084**	**1,057**	**485**	**937**	**711**	**10,030**
Operating expenses	**(2,480)**	**(435)**	**(651)**	**(348)**	**(401)**	**(157)**	**(4,472)**
Allowances for credit and other losses	**(167)**	**(80)**	**(135)**	**(53)**	**(9)**	**9**	**(435)**
Share of profit of associates and joint ventures	**52**	**0**	**-**	**-**	**(0)**	**(1)**	**51**
Profit before tax	**3,161**	**569**	**271**	**84**	**527**	**562**	**5,174**
Total assets before intangible assets	**235,477**	**41,352**	**25,462**	**9,840**	**54,907**	**33,223**	**400,261**
Intangible assets	**3,182**	**-**	**729**	**237**	**-**	**-**	**4,148**
Total assets	**238,659**	**41,352**	**26,191**	**10,077**	**54,907**	**33,223**	**404,409**
2018							
Net interest income	3,552	738	708	318	421	483	6,220
Non-interest income	1,570	330	256	125	443	172	2,896
Operating income	5,122	1,068	964	443	864	655	9,116
Operating expenses	(2,189)	(407)	(571)	(312)	(381)	(143)	(4,003)
Allowances for credit and other losses	(83)	(61)	(111)	(55)	(68)	(15)	(393)
Share of profit of associates and joint ventures	66	0	-	-	29	11	106
Profit before tax	2,916	600	282	76	444	508	4,826
Total assets before intangible assets	228,478	40,620	21,946	9,256	55,021	28,633	383,954
Intangible assets	3,182	-	725	231	-	-	4,138
Total assets	231,660	40,620	22,671	9,487	55,021	28,633	388,092

Note:
1 Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

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Performance by Geographical Segment [1] *(cont'd)*

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
4Q19							
Net interest income	**896**	**194**	**193**	**85**	**137**	**130**	**1,635**
Non-interest income	**454**	**97**	**76**	**37**	**84**	**48**	**796**
Operating income	**1,350**	**291**	**269**	**122**	**221**	**179**	**2,432**
Operating expenses	**(594)**	**(122)**	**(159)**	**(92)**	**(105)**	**(44)**	**(1,116)**
Allowances for credit and other losses	**(61)**	**(32)**	**(42)**	**(5)**	**(7)**	**1**	**(146)**
Share of profit of associates and joint ventures	**17**	**0**	**-**	**-**	**(0)**	**3**	**20**
Profit before tax	**712**	**137**	**68**	**25**	**109**	**139**	**1,190**
Total assets before intangible assets	**235,477**	**41,352**	**25,462**	**9,840**	**54,907**	**33,223**	**400,261**
Intangible assets	**3,182**	**-**	**729**	**237**	**-**	**-**	**4,148**
Total assets	**238,659**	**41,352**	**26,191**	**10,077**	**54,907**	**33,223**	**404,409**
3Q19							
Net interest income	968	186	196	80	121	136	1,687
Non-interest income	537	93	81	47	114	50	922
Operating income	1,505	279	277	127	235	186	2,609
Operating expenses	(635)	(108)	(175)	(91)	(105)	(40)	(1,154)
Allowances for credit and other losses	(54)	(20)	(59)	(14)	(15)	17	(145)
Share of profit of associates and joint ventures	13	0	-	-	(0)	1	14
Profit before tax	829	151	43	22	115	164	1,324
Total assets before intangible assets	236,076	41,927	26,228	9,515	58,241	32,248	404,235
Intangible assets	3,182	-	729	237	-	-	4,148
Total assets	239,258	41,927	26,957	9,752	58,241	32,248	408,383
4Q18							
Net interest income	921	189	183	82	101	132	1,608
Non-interest income	290	90	70	34	103	20	607
Operating income	1,211	279	253	116	204	153	2,216
Operating expenses	(478)	(111)	(157)	(89)	(108)	(41)	(984)
Allowances for credit and other losses	(13)	(15)	(31)	(6)	(40)	(23)	(128)
Share of profit of associates and joint ventures	14	0	-	-	(0)	(14)	0
Profit before tax	734	153	65	21	56	75	1,104
Total assets before intangible assets	228,478	40,620	21,946	9,256	55,021	28,633	383,954
Intangible assets	3,182	-	725	231	-	-	4,138
Total assets	231,660	40,620	22,671	9,487	55,021	28,633	388,092

Note:
1 Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

Performance by Geographical Segment *(cont'd)*

Geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. The information is stated after elimination of inter-segment transactions.

Singapore

Profit before tax grew 8% to $3.16 billion against the previous year on the back of strong income growth. Net interest income rose 6% to $3.75 billion from loan growth and higher net interest margin. Non-interest income increased 28% to $2.00 billion from higher treasury and investment income. This was partly offset by higher expenses from continued investments in people and technology for franchise growth.

Against the same quarter last year, profit before tax decreased 3% to $712 million as the double-digit income growth was more than offset by higher expenses and credit losses. Profit before tax declined 14% from last quarter largely due to seasonally lower income, partly offset by decrease in expenses.

Malaysia

Compared to a year ago, profit before tax declined 5% to $569 million due to unfavourable foreign exchange translation, coupled with higher expenses and allowances for credit losses. Total income was relatively flat as net interest income from asset growth was offset by decline in net interest margin following reduction in policy rate. Non-interest income grew 5% to $346 million supported by higher profit on trading and government securities.

Against the same quarter last year and previous quarter, profit before tax for 4Q19 declined by 10% and 9% respectively to $137 million largely from increase in expenses and credit losses.

Thailand

Profit before tax for 2019 was 4% lower at $271 million. Performance was supported by strong improvement in franchise income of 10% to $1.06 billion, driven by double-digit loan growth, broad-based increase in fee and treasury income. Expenses increased 14% to $651 million, largely from staff expenses and investments in digital bank. Allowances for credit and other losses were $23 million higher at $135 million.

Compared to the same quarter last year, profit before tax for 4Q19 increased 4% to $68 million, as income growth was moderated by investments in digital bank and higher allowances for credit and other losses.

Profit before tax registered strong growth of 57% to $68 million against 3Q19, attributable to lower expenses and credit losses while non-interest income declined mainly from trading and investment income.

Indonesia

Profit before tax rose 10% to $84 million in 2019. Income grew 9% to $485 million led by loan growth, treasury income as well as increased fee from wealth and credit card. This was partly offset by higher staff, technology and revenue-related expenses, while credit costs were broadly stable.

Compared to the same quarter last year, profit before tax increased $4 million to $25 million on the back of higher net interest income and wealth management fee, partly offset by investments in technology.

Against last quarter, profit before tax was higher by $3 million at $25 million, largely due to lower credit costs. Income declined 4% to $122 million, largely attributable to lower treasury income, partly moderated by higher net interest income.

Greater China

Profit before tax registered strong growth of 19% to $527 million, driven by broad-based increase in income and lower credit costs. This was partly offset by higher staff expenses and reduced interest in an associated company.

Against the same quarter last year, profit before tax nearly doubled to $109 million, largely due to higher net interest income and lower credit losses, partly offset by decrease in loan-related fee and treasury income.

Profit before tax was lower by 5% against the previous quarter, mainly from loan-related fee, partially offset by higher net interest income and lower allowances for credit and other losses.

Others

Profit before tax for 2019 grew by 11% to $562 million, largely contributed by higher income coupled with write-back of allowances. This was partly offset by higher expenses and lower contribution from associates.

Profit before tax of $139 million in 4Q19 represented 85% growth from a year ago led by treasury income, write-back of allowances for impaired assets as well as unrealised mark-to-market recognised by an associated company in 4Q18. Against the previous quarter, profit before tax decreased 15% to $139 million due to lower write-back in allowances for credit and other losses.

Capital Adequacy and Leverage Ratios [1,2,3]

	Dec-19	Sep-19	Dec-18
	$m	$m	$m
Share capital	**4,949**	4,947	4,888
Disclosed reserves/others	**32,012**	31,379	30,445
Regulatory adjustments	**(4,595)**	(4,567)	(4,583)
Common Equity Tier 1 Capital ("CET1")	**32,366**	31,759	30,750
Perpetual capital securities/others	**2,379**	2,878	2,129
Additional Tier 1 Capital ("AT1")	**2,379**	2,878	2,129
Tier 1 Capital	**34,745**	34,637	32,879
Subordinated notes	**3,969**	4,047	4,186
Provisions/others	**638**	487	477
Tier 2 Capital	**4,607**	4,534	4,663
Eligible Total Capital	**39,352**	39,171	37,542
Risk-Weighted Assets ("RWA")	**226,318**	231,610	220,568
Capital Adequacy Ratios ("CAR")			
CET1	**14.3%**	13.7%	13.9%
Tier 1	**15.4%**	15.0%	14.9%
Total	**17.4%**	16.9%	17.0%
Leverage Exposure	**452,859**	458,057	434,732
Leverage Ratio	**7.7%**	7.6%	7.6%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2019 were well above the regulatory minimum requirements.

Year on year, total capital was higher mainly from retained earnings and issuance net redemption of perpetual capital securities. RWA was higher largely due to asset growth.

Total capital was higher quarter on quarter mainly from retained earnings, partly offset by redemption of S$500 million perpetual capital securities. The lower RWA was mainly due to lower asset base.

As at 31 December 2019, the Group's leverage ratio was 7.7%, comfortably above the regulatory minimum requirement of 3%.

Notes:

1 Singapore-incorporated banks are required to maintain minimum CAR as follows: CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, the Group is required to maintain CET1 capital to meet the capital conservation buffer of 2.5% and the countercyclical capital buffer (CCyB) of up to 2.5% effective 1 January 2019. The Group's CCyB is computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures.

2 Leverage ratio is calculated in accordance with MAS Notice 637. A minimum ratio of 3% is required effective 1 January 2018.

3 Disclosures required under MAS Notice 637 are published on our website: www.UOBgroup.com/investor-relations/financial/index.html.

Consolidated Income Statement (Audited)

	2019	2018	+/(-)	4Q19[1]	4Q18[1]	+/(-)	3Q19[1]	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Interest income	**12,557**	11,141	13	**3,039**	3,038	0	3,223	(6)
Less: Interest expense	**5,994**	4,921	22	**1,403**	1,430	(2)	1,537	(9)
Net interest income	**6,562**	6,220	6	**1,635**	1,608	2	1,687	(3)
Net fee and commission income	**2,032**	1,967	3	**476**	467	2	551	(14)
Dividend income	**51**	27	85	**4**	1	>100	6	(46)
Rental income	**110**	119	(7)	**27**	29	(5)	27	2
Net trading income	**874**	683	28	**175**	118	49	212	(17)
Net gain/(loss) from investment securities	**242**	(35)	>100	**49**	(59)	>100	98	(50)
Other income	**158**	136	16	**66**	52	27	28	>100
Non-interest income	**3,467**	2,896	20	**796**	607	31	922	(14)
Total operating income	**10,030**	9,116	10	**2,432**	2,216	10	2,609	(7)
Less: Staff costs	**2,716**	2,447	11	**673**	597	13	708	(5)
Other operating expenses	**1,757**	1,556	13	**443**	387	14	446	(1)
Total operating expenses	**4,472**	4,003	12	**1,116**	984	13	1,154	(3)
Operating profit before allowance	**5,558**	5,113	9	**1,316**	1,232	7	1,455	(10)
Less: Allowances for credit and other losses	**435**	393	11	**146**	128	14	145	0
Operating profit after allowance	**5,123**	4,720	9	**1,170**	1,104	6	1,310	(11)
Share of profit of associates and joint ventures	**51**	106	(51)	**20**	0	>100	14	41
Profit before tax	**5,174**	4,826	7	**1,190**	1,104	8	1,324	(10)
Less: Tax	**813**	805	1	**178**	185	(4)	202	(12)
Profit for the financial period	**4,362**	4,021	8	**1,012**	919	10	1,122	(10)
Attributable to:								
Equity holders of the Bank	**4,343**	4,008	8	**1,006**	916	10	1,118	(10)
Non-controlling interests	**18**	13	42	**6**	3	87	3	86
	4,362	4,021	8	**1,012**	919	10	1,122	(10)

Total operating income			
First half	**4,989**	**4,573**	9
Second half	**5,041**	**4,543**	11
Profit for the financial year attributed to equity holders of the Bank			
First half	**2,219**	**2,055**	8
Second half	**2,124**	**1,953**	9

Note:
1 Unaudited.

Consolidated Statement of Comprehensive Income (Audited)

	2019	2018	+/(-)	**4Q19**	4Q18	+/(-)	3Q19	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Profit for the financial period	**4,362**	4,021	8	**1,012**	919	10	1,122	(10)
Other comprehensive income that will not be reclassified to income statement								
Net losses on equity instruments at fair value through other comprehensive income	**(845)**	(308)	(>100)	**(934)**	(91)	(>100)	(43)	(>100)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(62)**	13	(>100)	**(7)**	(18)	60	(17)	58
Remeasurement of defined benefit obligation	**0**	8	(96)	**0**	2	(91)	(0)	>100
Related tax on items at fair value through other comprehensive income	**(14)**	9	(>100)	**32**	12	>100	5	>100
	(920)	(278)	(>100)	**(909)**	(95)	(>100)	(55)	(>100)
Other comprehensive income that may be subsequently reclassified to income statement								
Currency translation adjustments	**145**	(69)	>100	**(51)**	(0)	(>100)	107	(>100)
Debt instruments at fair value through other comprehensive income								
Change in fair value	**446**	(192)	>100	**73**	33	>100	73	(1)
Transfer to income statement on disposal	**(117)**	40	(>100)	**(24)**	14	(>100)	(40)	42
Changes in allowance for expected credit losses	**(52)**	4	(>100)	**(3)**	8	(>100)	1	(>100)
Related tax	**38**	3	>100	**(5)**	(3)	(60)	(6)	9
	461	(214)	>100	**(9)**	52	(>100)	135	(>100)
Change in shares of other comprehensive income of associates and joint ventures	**9**	(8)	>100	**(3)**	3	(>100)	5	(>100)
Other comprehensive income for the financial period, net of tax	**(451)**	(500)	10	**(921)**	(40)	(>100)	86	(>100)
Total comprehensive income for the financial period, net of tax	**3,910**	3,521	11	**91**	880	(90)	1,208	(92)
Attributable to:								
Equity holders of the Bank	**3,885**	3,511	11	**84**	879	(90)	1,205	(93)
Non-controlling interests	**25**	10	>100	**6**	1	>100	3	>100
	3,910	3,521	11	**91**	880	(90)	1,208	(92)

Consolidated Balance Sheet (Audited)

	Dec-19	Sep-19[1]	Dec-18
	$m	$m	$m
Equity			
Share capital and other capital	**7,325**	7,822	7,014
Retained earnings	**23,405**	22,842	21,716
Other reserves	**8,907**	8,820	8,893
Equity attributable to equity holders of the Bank	**39,637**	39,484	37,623
Non-controlling interests	**227**	214	190
Total equity	**39,864**	39,697	37,813
Liabilities			
Deposits and balances of banks	**15,301**	21,999	13,801
Deposits and balances of customers	**310,726**	304,423	293,186
Bills and drafts payable	**646**	841	638
Derivative financial liabilities	**6,695**	7,406	5,840
Other liabilities	**5,179**	5,617	5,417
Tax payable	**489**	466	514
Deferred tax liabilities	**299**	309	279
Debts issued	**25,209**	27,625	30,606
Total liabilities	**364,545**	368,685	350,280
Total equity and liabilities	**404,409**	408,383	388,092
Assets			
Cash, balances and placements with central banks	**25,864**	22,280	25,252
Singapore Government treasury bills and securities	**6,199**	5,869	5,615
Other government treasury bills and securities	**15,166**	17,526	13,201
Trading securities	**2,789**	2,895	1,929
Placements and balances with banks	**52,840**	51,833	50,800
Loans to customers	**265,458**	271,886	258,627
Derivative financial assets	**6,408**	7,288	5,730
Investment securities	**15,454**	15,009	13,553
Other assets	**4,906**	4,536	4,516
Deferred tax assets	**300**	289	284
Investment in associates and joint ventures	**1,182**	1,183	1,170
Investment properties	**936**	960	1,012
Fixed assets	**2,760**	2,679	2,266
Intangible assets	**4,148**	4,148	4,138
Total assets	**404,409**	408,383	388,092
Off-balance sheet items			
Contingent liabilities	**32,364**	33,673	31,003
Financial derivatives	**941,393**	984,877	922,170
Commitments	**161,245**	155,955	151,494
Net asset value per ordinary share ($)	**22.33**	21.94	21.31

Note:

1 Unaudited.

Consolidated Statement of Changes in Equity (Audited)

	Attributable to equity holders of the Bank					
	Share capital and other capital	**Retained earnings**	**Other reserves**	**Total**	**Non-controlling interests**	**Total equity**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Balance at 1 January 2019	**7,014**	**21,716**	**8,893**	**37,623**	**190**	**37,813**
Profit for the financial year	**-**	**4,343**	**-**	**4,343**	**18**	**4,362**
Other comprehensive income for the financial year	**-**	**(382)**	**(76)**	**(458)**	**7**	**(451)**
Total comprehensive income for the financial year	**-**	**3,961**	**(76)**	**3,885**	**25**	**3,910**
Transfers	**-**	**(100)**	**100**	**-**	**-**	**-**
Change in non-controlling interests	**-**	**-**	**-**	**-**	**19**	**19**
Dividends	**-**	**(2,173)**	**-**	**(2,173)**	**(7)**	**(2,180)**
Share-based compensation	**-**	**-**	**52**	**52**	**-**	**52**
Reclassification of share-based compensation reserves on expiry	**-**	**0**	**(0)**	**-**	**-**	**-**
Shares issued under share-based compensation plans	**61**	**-**	**(61)**	**-**	**-**	**-**
Perpetual capital securities issued	**749**	**-**	**-**	**749**	**-**	**749**
Redemption of perpetual capital securities	**(499)**	**-**	**(1)**	**(500)**	**-**	**(500)**
Balance at 31 December 2019	**7,325**	**23,405**	**8,907**	**39,637**	**227**	**39,864**
Balance at 1 January 2018	7,766	19,766	9,378	36,910	186	37,095
Profit for the financial year	-	4,008	-	4,008	13	4,021
Other comprehensive income for the financial year	-	8	(505)	(497)	(3)	(500)
Total comprehensive income for the financial year	-	4,016	(505)	3,511	10	3,521
Transfers	-	(24)	24	-	-	-
Change in non-controlling interests	-	1	-	1	2	3
Dividends	-	(2,043)	-	(2,043)	(9)	(2,052)
Shares re-purchased - held in treasury	(212)	-	-	(212)	-	(212)
Shares issued under scrip dividend scheme	267	-	-	267	-	267
Share-based compensation	-	-	40	40	-	40
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-	-	-
Shares issued under share-based compensation plans	41	-	(41)	-	-	-
Redemption of perpetual capital securities	(847)	-	(3)	(850)	-	(850)
Balance at 31 December 2018	7,014	21,716	8,893	37,623	190	37,813

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank					
	Share capital and other capital $m	Retained earnings $m	Other reserves $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 October 2019	**7,822**	**22,842**	**8,820**	**39,484**	**214**	**39,697**
Profit for the financial period	**-**	**1,006**	**-**	**1,006**	**6**	**1,012**
Other comprehensive income for the financial period	**-**	**(383)**	**(539)**	**(921)**	**0**	**(921)**
Total comprehensive income for the financial period	**-**	**623**	**(539)**	**84**	**6**	**91**
Transfers	**-**	**(17)**	**17**	**-**	**-**	**-**
Adjustment	**-**	**-**	**600**	**600**	**-**	**600**
Change in non-controlling interests	**-**	**-**	**-**	**-**	**8**	**8**
Dividends	**-**	**(44)**	**-**	**(44)**	**(0)**	**(45)**
Share-based compensation	**-**	**-**	**13**	**13**	**-**	**13**
Reclassification of share-based compensation reserves on expiry	**-**	**0**	**(0)**	**-**	**-**	**-**
Shares issued under share-based compensation plans	**2**	**-**	**(2)**	**-**	**-**	**-**
Redemption of perpetual capital securities	**(499)**	**-**	**(1)**	**(500)**	**-**	**(500)**
Balance at 31 December 2019	**7,325**	**23,405**	**8,907**	**39,637**	**227**	**39,864**
Balance at 1 October 2018	7,057	20,860	8,908	36,825	191	37,015
Profit for the financial period	-	916	-	916	3	919
Other comprehensive income for the financial period	-	2	(39)	(37)	(2)	(40)
Total comprehensive income for the financial period	-	918	(39)	879	1	880
Transfers	-	(18)	18	-	-	-
Change in non-controlling interests	-	1	-	1	(2)	(1)
Dividends	-	(45)	-	(45)	(0)	(45)
Shares re-purchased - held in treasury	(45)	-	-	(45)	-	(45)
Share-based compensation	-	-	9	9	-	9
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-	-	-
Shares issued under share-based compensation plans	2	-	(2)	-	-	-
Balance at 31 December 2018	7,014	21,716	8,893	37,623	190	37,813

Consolidated Cash Flow Statement (Audited)

	2019	2018	4Q19 [1]	4Q18 [1]
	$m	$m	$m	$m
Cash flows from operating activities				
Profit for the financial period	4,362	4,021	1,012	919
Adjustments for:				
Allowance for credit and other losses	435	393	146	128
Share of profit of associates and joint ventures	(51)	(106)	(20)	(0)
Tax	813	805	178	185
Depreciation of assets	399	273	109	73
Net (gain)/loss on disposal of assets	(304)	14	(58)	3
Share-based compensation	52	40	13	8
Operating profit before working capital changes	5,704	5,439	1,379	1,317
Change in working capital:				
Deposits and balances of banks	1,560	2,457	(6,701)	(962)
Deposits and balances of customers	16,324	21,168	6,746	164
Bills and drafts payable	1	(68)	(189)	(129)
Other liabilities	673	337	(672)	(485)
Restricted balances with central banks	(53)	(19)	281	(170)
Government treasury bills and securities	(2,201)	(2,930)	1,994	(718)
Trading securities	(828)	(168)	115	140
Placements and balances with banks	(2,085)	1,280	(1,224)	4,031
Loans to customers	(6,412)	(27,032)	5,563	(7,426)
Investment securities	(2,459)	(2,852)	(1,364)	(1,163)
Other assets	(1,089)	(512)	1,171	(299)
Cash generated from/(used in) operations	9,136	(2,898)	7,100	(5,700)
Income tax paid	(803)	(809)	(146)	(192)
Net cash provided by/(used in) operating activities	8,333	(3,707)	6,954	(5,892)
Cash flows from investing activities				
Capital injection into associates and joint ventures	(23)	(47)	(0)	(15)
Acquisition of associates and joint ventures	(7)	-	(0)	-
Proceeds from disposal of associates and joint ventures	-	110	-	110
Distribution from associates and joint ventures	66	51	14	4
Acquisition of properties and other fixed assets	(573)	(516)	(165)	(159)
Proceeds from disposal of properties and other fixed assets	36	35	11	15
Change in non-controlling interests	1	4	(1)	0
Net cash used in investing activities	(500)	(362)	(141)	(44)
Cash flows from financing activities				
Perpetual capital securities issued	749	-	-	-
Redemption of perpetual capital securities	(500)	(850)	(500)	-
Issuance of debts issued	35,933	40,411	6,930	13,194
Redemption of debts issued	(41,538)	(34,904)	(9,170)	(6,476)
Shares re-purchased - held in treasury	-	(212)	-	(45)
Change in non-controlling interests	18	(2)	9	(2)
Dividends paid on ordinary shares	(2,085)	(1,647)	-	-
Distribution for perpetual capital securities	(88)	(129)	(44)	(45)
Dividends paid to non-controlling interests	(7)	(9)	(0)	(0)
Lease payments	(81)	-	(22)	-
Net cash (used in)/provided by financing activities	(7,599)	2,658	(2,798)	6,625
Currency translation adjustments	337	31	(141)	12
Net increase/(decrease) in cash and cash equivalents	571	(1,380)	3,874	702
Cash and cash equivalents at beginning of the financial period	19,617	20,997	16,314	18,915
Cash and cash equivalents at end of the financial period	20,188	19,617	20,188	19,617

Note:
1 Unaudited.

Balance Sheet of the Bank (Audited)

	Dec-19	Sep-19[1]	Dec-18
	$m	$m	$m
Equity			
Share capital and other capital	**7,325**	7,822	7,014
Retained earnings	**17,197**	16,902	16,118
Other reserves	**9,351**	9,231	9,598
Total	**33,873**	33,954	32,729
Liabilities			
Deposits and balances of banks	**13,404**	19,534	12,071
Deposits and balances of customers	**241,462**	234,662	227,259
Deposits and balances of subsidiaries	**13,419**	10,184	13,562
Bills and drafts payable	**465**	558	359
Derivative financial liabilities	**5,695**	5,999	4,487
Other liabilities	**3,667**	3,526	3,105
Tax payable	**410**	413	435
Deferred tax liabilities	**202**	191	206
Debts issued	**23,557**	26,151	28,905
Total	**302,280**	301,220	290,389
Total equity and liabilities	**336,154**	335,174	323,118
Assets			
Cash, balances and placements with central banks	**22,319**	17,770	20,783
Singapore Government treasury bills and securities	**6,199**	5,862	5,609
Other government treasury bills and securities	**5,120**	6,489	5,668
Trading securities	**2,506**	2,835	1,795
Placements and balances with banks	**42,456**	41,900	39,812
Loans to customers	**205,229**	211,965	201,789
Placements with and advances to subsidiaries	**17,972**	14,369	16,363
Derivative financial assets	**5,394**	5,846	4,344
Investment securities	**12,723**	12,695	11,668
Other assets	**3,528**	2,761	2,870
Deferred tax assets	**96**	76	87
Investment in associates and joint ventures	**350**	357	363
Investment in subsidiaries	**6,005**	6,027	6,014
Investment properties	**970**	1,027	1,079
Fixed assets	**2,106**	2,013	1,692
Intangible assets	**3,182**	3,182	3,182
Total	**336,154**	335,174	323,118
Off-balance sheet items			
Contingent liabilities	**19,908**	21,003	19,377
Financial derivatives	**803,829**	833,619	754,822
Commitments	**128,562**	126,864	123,815
Net asset value per ordinary share ($)	**18.88**	18.63	18.37

Note:

1 Unaudited.

Statement of Changes in Equity of the Bank (Audited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 January 2019	**7,014**	**16,118**	**9,598**	**32,729**
Profit for the financial year	**-**	**3,730**	**-**	**3,730**
Other comprehensive income for the financial year	**-**	**(383)**	**(331)**	**(714)**
Total comprehensive income for the financial year	**-**	**3,347**	**(331)**	**3,016**
Transfers	**-**	**(95)**	**95**	**-**
Dividends	**-**	**(2,173)**	**-**	**(2,173)**
Share-based compensation	**-**	**-**	**52**	**52**
Reclassification of share-based compensation reserves on expiry	**-**	**0**	**(0)**	**-**
Shares issued under share-based compensation plans	**61**	**-**	**(61)**	**-**
Perpetual capital securities issued	**749**	**-**	**-**	**749**
Redemption of perpetual capital securities	**(499)**	**-**	**(1)**	**(500)**
Balance at 31 December 2019	**7,325**	**17,197**	**9,351**	**33,873**
Balance at 1 January 2018	7,766	14,797	10,017	32,579
Profit for the financial year	-	3,363	-	3,363
Other comprehensive income for the financial year	-	0	(415)	(415)
Total comprehensive income for the financial year	-	3,363	(415)	2,948
Transfers	-	0	(0)	-
Dividends	-	(2,043)	-	(2,043)
Shares re-purchased - held in treasury	(212)	-	-	(212)
Shares issued under scrip dividend scheme	267	-	-	267
Share-based compensation	-	-	40	40
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-
Shares issued under share-based compensation plans	41	-	(41)	-
Redemption of perpetual capital securities	(847)	-	(3)	(850)
Balance at 31 December 2018	7,014	16,118	9,598	32,729

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 October 2019	**7,822**	**16,902**	**9,231**	**33,954**
Profit for the financial period	**-**	**731**	**-**	**731**
Other comprehensive income for the financial period	**-**	**(383)**	**(498)**	**(881)**
Total comprehensive income for the financial period	**-**	**349**	**(498)**	**(149)**
Transfers	**-**	**(9)**	**9**	**-**
Dividends	**-**	**(44)**	**-**	**(44)**
Share-based compensation	**-**	**-**	**13**	**13**
Reclassification of share-based compensation reserves on expiry	**-**	**0**	**(0)**	**-**
Shares issued under share-based compensation plans	**2**	**-**	**(2)**	**-**
Regulatory adjustment	**-**	**-**	**600**	**600**
Redemption of perpetual capital securities	**(499)**	**-**	**(1)**	**(500)**
Balance at 31 December 2019	**7,325**	**17,197**	**9,351**	**33,873**
Balance at 1 October 2018	7,057	15,460	9,636	32,153
Profit for the financial period	-	696	-	696
Other comprehensive income for the financial period	-	(0)	(39)	(39)
Total comprehensive income for the financial period	-	696	(39)	657
Transfers	-	6	(6)	-
Dividends	-	(45)	-	(45)
Shares re-purchased - held in treasury	(45)	-	-	(45)
Share-based compensation	-	-	9	9
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-
Shares issued under share-based compensation plans	2	-	(2)	-
Balance at 31 December 2018	7,014	16,118	9,598	32,729

The extract of the auditor's report dated 20 February 2020, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2019, is as follows:

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2019

Independent Auditor's Report to the Members of United Overseas Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 10 to 100, which comprise the balance sheets of the Bank and the Group as at 31 December 2019, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s), so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Areas of focus	How our audit addressed the risk factors
Expected credit loss on non-impaired credit exposures *Refer to Notes 2d(vi), 2s(i), 11, 20(b), 26(b), 27(d) and 29(b) to the consolidated financial statements.* The Group's expected credit loss (ECL) calculation involves significant judgements and estimates. Areas we have identified with greater levels of management judgement are: • the selection of economic scenarios and corresponding probability weightages applied; • the significant increase in credit risk (SICR) determination criteria; • the model assumptions; and • the adjustments to the model-driven ECL results to address model limitations or emerging trends.	We assessed the design and tested the operating effectiveness of the key manual or automated controls over the Group's ECL computation processes with a focus on: • the validation of models; • the selection and implementation of economic scenarios and probabilities; • the staging of credit exposures based on the Group's SICR criteria; and • the governance over post model adjustments. We involved our internal specialists to assist us in performing the following procedures for a sample of portfolios: • independently reviewed the model validation results; • assessed the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing sensitivity analyses, benchmarking or back-testing and checking the accuracy of the PD, LGD and EAD used in the computations to derive the ECL amount for a sample of exposures; and • reviewed the Bank's assessment of SICR. We also reviewed the Group's approach for determining the base and stress economic scenario to assess the reasonableness of the economic scenarios and corresponding probabilities applied by the Group, and we inspected the Group's SFRS(I) 9 Work Group's decisions in assessing the appropriateness of management's rationale for the post-model adjustments and performed a recalculation, where applicable. The results of our assessment of the Group's ECL on non-impaired credit exposures were within a reasonable range of expectations.

Areas of focus	How our audit addressed the risk factors
Stage 3 expected credit loss for credit impaired loans to customers *Refer to Notes 2d(vi), 2s(i), 11 and 27(d) to the consolidated financial statements.* Stage 3 expected credit loss (ECL) for loans to customers is considered to be a matter of significance as it requires the application of judgement and use of subjective assumptions by management. For Group Wholesale Banking's loan portfolio, management is required to monitor borrowers' repayment abilities individually based on their knowledge for any allowance for impairment.	We assessed the design and operating effectiveness of the key controls over the Stage 3 ECL estimation process by performing the following: • obtained an understanding of the Group's Credit Policy and evaluated the processes for identifying impairment indicators and consequently, the grading of loans; • reviewed the Group Credit Committee meeting minutes; • considered the magnitude of the credit exposures, macroeconomic factors and industry trends in our audit sampling, and focused our audit coverage over customers that are assessed to be of higher risk; and • assessed, for a sample of impaired loans: o management's forecast and inputs of recoverable cash flows, valuation of collaterals, estimates of recoverable amounts on default and other sources of repayment, and where possible, compared these key assumptions to external evidence such as valuation reports. o whether impairment events had occurred and whether impairments had been identified in a timely manner. Overall, the results of our evaluation of the Group's Stage 3 ECL for loans to customers were within a reasonable range of expectations.

Areas of focus	How our audit addressed the risk factors
Valuation of illiquid or complex financial instruments *Refer to Notes 2d(ii), 2s(ii) and 18(b) to the consolidated financial statements.* As at 31 December 2019, 7% ($6 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, unquoted debt securities, long dated equity derivatives, and callable interest rate swaps. The valuation of Level 3 financial instruments was a key area of focus of our audit due to the degree of complexity involved in valuing certain instruments and the significance of the judgements and estimates made by management. The determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data.	We assessed the design and tested the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. This included the controls over model validation, pricing inputs and price verification. The results of our tests allowed us to rely on these controls for our audit. With the assistance of our internal specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments with significant unobservable inputs. The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.

Areas of focus	How our audit addressed the risk factors
Impairment of goodwill *Refer to Notes 2h, 2s(iii) and 36 to the consolidated financial statements.* As at 31 December 2019, the Group's balance sheet included goodwill of $4 billion arising from the Group's acquisition of Overseas Union Bank (OUB), United Overseas Bank (Thai) Public Company Limited (UOBT) and PT Bank UOB Indonesia (UOBI) in prior years. The goodwill is allocated to the respective cash-generating units (CGUs) defined by the Group's operating segments. We focused on this area because the impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.	Our audit procedures focused on the following key assumptions used in the goodwill impairment tests: • cash flow projections; • growth rates; and • discount rates. We assessed the reasonableness of the cash flow projections by reviewing historical achievement of the projections and the basis supporting the growth projections and considered the reasons for significant deviations. We assessed the methodologies and assumptions used to compute the VIU of each CGU with the support of our internal specialists. Key market-related assumptions such as the long-term growth rates and discount rates were benchmarked against external industry and economic data. We also performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGUs with a risk of impairment. Based on our audit procedures, the results of the goodwill impairment tests performed by management were within a reasonable range of expectations.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (Other Sections), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Christine Lee.

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

20 February 2020